

# EXHIBIT H

**WISEBITS LTD**  
ANNUAL REPORT AND FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2017

**WISEBITS LTD**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****CONTENTS**

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## WISEBITS LTD

### BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:** Constantinos Christoforou

**Company Secretary:** Wisebits Management Ltd

**Independent Auditors:** Deloitte Limited  
Certified Public Accountants and Registered Auditors  
Maximos Plaza, Tower 1, 3rd Floor  
213 Arch. Makariou III Avenue  
3030 Limassol  
Cyprus

**Legal Advisor:** D. Papachilleos & Co. LLC, Cyprus

**Registered Office:** Spyrou Kyprianou, 79  
Protopapas Building, 2nd floor, flat 201  
3076, Limassol  
Cyprus

**Banker:** Bendura Bank AG, Liechtenstein

**Registration Number:** HE 344672

## WISEBITS LTD

### MANAGEMENT REPORT

The Board of Directors of Wisebits Ltd (the "Company") presents to the members its management report and audited financial statements of the Company for the year ended 31 December 2017.

#### **Incorporation**

The Company was incorporated in Cyprus on 24 June 2015 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

#### **Principal activity and nature of operations of the Company**

The principal activity of the Company is that of investment holding.

#### **Review of current position, future developments and performance of the Company's business**

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

The Board of Directors does not expect major changes in the principal activities of the Company in the foreseeable future.

#### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Company and the steps taken to manage those risks are described in note 3 of the financial statements.

#### **Existence of branches**

The Company does not maintain any branches.

#### **Results**

The Company's results for the year are set out on page 6.

#### **Dividends**

The Board of Directors does not recommend the payment of a dividend (2016: dividends of US\$3.560.000 were declared).

#### **Share capital**

There were no changes in the authorised and issued share capital of the Company during the year.

#### **Board of Directors**

The sole member of the Company's Board of Directors as at 31 December 2017 and at the date of this report is presented on page 1. The sole Director was a member of the Board of Directors throughout the year ended 31 December 2017.

In accordance with the Company's Articles of Association the sole Director presently member of the Board continues in office.

There were no significant changes in the remuneration of the Board of Directors.

#### **Events after the reporting period**

Any significant events that occurred after the end of the reporting period are described in note 14 to the financial statements.

#### **Independent Auditors**

The independent auditors, Deloitte Limited, have expressed their willingness to continue in office and a resolution authorising the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,



Constantinos Christoforou  
Director

Limassol, 18 March 2019



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## Independent Auditor's Report

### To the Members of Wisebits Ltd

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of parent company Wisebits Ltd (the "Company"), which are presented in pages 6 to 16 and comprise the statement of financial position as at 31 December 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of parent company Wisebits Ltd as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the "International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants" (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report and the additional information to the statement of profit or loss, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Board Members:** Christis M. Christoforou (Chief Executive Officer), Eleftherios N. Philipou, Nicolas S. Kiriakides, Nicos D. Papayiannou, Athos Chrysanthou, Costas Georgiadis, Antonis Taliotis, Petros Papadopoulos, Pieris M. Markou, Nicos Charalambous, Nicos Spanoudis, Maria Paschalidou, Alexis Agathocleous, Alkis Christodoulides, Christakis Ioannou, Panicos Papamichael, Christos Papamarkides, Georgia Martiatis, Kerry Whyte, Andreas Georgiou, Christos Neocleous, Demetris Papapercleous, Andreas Andreou, Alecos Papalexandrou, George Pantelides, Panayiotis Vayianou, Agis Agathocleous, Gaston Hadjiantoniou, Kypros Ioannides, Ioannis Sophianos, Kyriacos Michas, Yiannis Leontidou, Panikos G. Tekles, Michael Christoforou (Chairman Emeritus).

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Member of Deloitte Touche Tohmatsu Limited



## Independent Auditor's Report (continued)

### To the Members of Wisebits Ltd (continued)

#### **Responsibilities of the Board of Directors for the Financial Statements**

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



## Independent Auditor's Report (continued)

### To the Members of Wisebits Ltd (continued)

#### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.

#### Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Kyriakos Vlachos  
Certified Public Accountant and Registered Auditor  
for and on behalf of

**Deloitte Limited**  
**Certified Public Accountants and Registered Auditors**  
 Maximos Plaza, Tower 1, 3rd Floor  
 213 Arch. Makariou III Avenue  
 3030 Limassol  
 Cyprus

Limassol, 18 March 2019

**WISEBITS LTD**


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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**


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	Note	2017 US\$	2016 US\$
Administration expenses		<u>(11.887)</u>	(10.661)
<b>Operating loss</b>	4	<b>(11.887)</b>	(10.661)
Net finance costs	5	(309)	(1.379)
Dividend income		-	3.601.073
Net foreign exchange gain/(loss)		<u>48.250</u>	<u>(15.858)</u>
<b>Profit before tax</b>		<b>36.054</b>	3.573.175
Income tax	6	<u>(4.610)</u>	-
<b>Profit for the year</b>		<b>31.444</b>	3.573.175
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b><u>31.444</u></b>	<b><u>3.573.175</u></b>

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The notes on pages 10 to 16 form an integral part of these financial statements.

**WISEBITS LTD****STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2017**

	Note	2017 US\$	2016 US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	7	150,350	52,161
Loans receivable	9	3,518,630	-
		<u>3,668,980</u>	<u>52,161</u>
<b>Current assets</b>			
Trade and other receivables	8	581,916	-
Loans receivable	9	647,160	-
Cash and bank balances	10	4,230,635	347,651
		<u>5,459,711</u>	<u>347,651</u>
<b>TOTAL ASSETS</b>		<u>9,128,691</u>	<u>399,812</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>			
Share capital	11	1,089	1,089
Retained earnings		<u>34,274</u>	<u>2,830</u>
<b>Total equity</b>		<u>35,363</u>	<u>3,919</u>
<b>Non-current liabilities</b>			
Trade and other payables	12	9,067,827	381,137
		<u>9,067,827</u>	<u>381,137</u>
<b>Current liabilities</b>			
Trade and other payables	12	25,501	14,756
		<u>25,501</u>	<u>14,756</u>
<b>Total liabilities</b>		<u>9,093,328</u>	<u>395,893</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>9,128,691</u>	<u>399,812</u>

On 18 March 2019, the Board of Directors of Wisebits Ltd authorised these financial statements for issue.



Constantinos Christoforou  
Director

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The notes on pages 10 to 16 form an integral part of these financial statements.

## WISEBITS LTD

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital US\$	Retained earnings US\$	Total US\$
<b>Balance at 1 January 2016</b>	<b>1.089</b>	<b>(10.345)</b>	<b>(9.256)</b>
Profit for the year	-	3.573.175	3.573.175
Dividend paid	-	(3.560.000)	(3.560.000)
<b>Balance at 1 January 2017</b>	<b>1.089</b>	<b>2.830</b>	<b>3.919</b>
Profit for the year	-	31.444	31.444
<b>Balance at 31 December 2017</b>	<b>1.089</b>	<b>34.274</b>	<b>35.363</b>

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

**WISEBITS LTD****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 US\$	2016 US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>36.054</b>	3,573,175
Adjustments for:			
Unrealised exchange loss		-	11,235
Dividend income		-	(3,601,073)
Interest income	5	<b>(4.432)</b>	-
<b>Changes in working capital:</b>			
Increase in trade and other receivables		<b>(581,916)</b>	-
Increase/(decrease) in trade and other payables		<b>8,697,435</b>	(34,768)
<b>Cash generated from/(used in) operations</b>		<b>8,147,141</b>	(51,431)
Tax paid		<b>(4,610)</b>	-
<b>Net cash generated from/(used in) operating activities</b>		<b>8,142,531</b>	(51,431)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of investments in subsidiaries	7	<b>(98,189)</b>	(51,088)
Loans receivable advanced	9	<b>(4,237,985)</b>	-
Proceeds from loan receivable		<b>72,195</b>	-
Interest received		<b>4,432</b>	-
Dividend received		-	3,601,073
<b>Net cash (used in)/generated from investing activities</b>		<b>(4,259,547)</b>	3,549,985
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Advances from shareholders		-	408,988
Dividend paid		-	(3,560,000)
<b>Net cash used in financing activities</b>		-	(3,151,012)
<b>Net increase in cash and cash equivalents</b>		<b>3,882,984</b>	347,542
Cash and cash equivalents at beginning of the year		<b>347,651</b>	109
<b>Cash and cash equivalents at end of the year</b>	10	<b>4,230,635</b>	347,651

The notes on pages 10 to 16 form an integral part of these financial statements.

## WISEBITS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 1. Incorporation and principal activities

##### Country of incorporation

Wisebits Ltd (the "Company") was incorporated in Cyprus on 24 June 2015 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office was at Arch. Makariou III, 135, Emelle Building, 3021, Limassol, Cyprus since incorporation. From 1 July 2017 its registered office has changed to Spyrou Kyprianou, 79, Protopapas Building, 2nd floor, flat 201, 3076, Limassol, Cyprus.

##### Principal activity

The principal activity of the Company is that of investment holding.

#### 2. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

##### Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention.

The Company is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the Company and its subsidiaries constitute a medium sized group as defined by the Law and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2017.

The European Union has concluded that since its 4th Directive requires parent companies to prepare separate financial statements, and since the Cyprus Companies Law, Cap. 113, requires the preparation of such financial statements in accordance with IFRS as adopted by the European Union, the provisions of International Financial Reporting Standard 10 'Consolidated Financial Statements' that require the preparation of consolidated financial statements in accordance with IFRS do not apply.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

##### Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRSs) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2017.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

##### Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

## WISEBITS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### **2. Significant accounting policies (continued)**

##### **Finance costs**

Interest expense and other borrowing costs are charged to profit or loss as incurred.

##### **Foreign currency translation**

###### **(1) Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US\$), which is the Company's functional and presentation currency.

###### **(2) Translation from functional to presentation currency**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

##### **Income tax**

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

##### **Dividends**

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's directors.

##### **Financial instruments**

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

##### Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

##### Loans receivable

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectability. All loans are recognised when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

## WISEBITS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 2. Significant accounting policies (continued)

##### Financial instruments (continued)

###### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash in hand.

###### Derecognition of financial assets and liabilities

###### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

###### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

##### Share capital

Ordinary shares are classified as equity.

#### 3. Financial risk management

##### Financial risk factors

The Company is exposed to credit risk, liquidity risk, currency risk and capital risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

###### **3.1 Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company monitors on a continuous basis the ageing profile of its receivables.

###### **3.2 Liquidity risk**

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

###### **3.3 Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

## WISEBITS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 3. Financial risk management (continued)

##### 3.4 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

#### 4. Operating loss

Operating loss is stated after charging the following items:  
 Auditor's remuneration - current year  
 Auditor's remuneration - prior years

	2017 US\$	2016 US\$
	7.556	7.379
	<u>1.852</u>	<u>-</u>

#### 5. Net finance costs

Interest income

	2017 US\$	2016 US\$
	<u>4.432</u>	<u>-</u>

Finance income

	2017 US\$	2016 US\$
	<u>4.432</u>	<u>-</u>

Bank charges

	2017 US\$	2016 US\$
	<u>(4.741)</u>	<u>(1.379)</u>

Finance costs

	2017 US\$	2016 US\$
	<u>(4.741)</u>	<u>(1.379)</u>

Net finance costs

	2017 US\$	2016 US\$
	<u>(309)</u>	<u>(1.379)</u>

#### 6. Income tax

Corporation tax - current year/period

	2017 US\$	2016 US\$
	<u>4.610</u>	<u>-</u>

Charge for the year/period

	2017 US\$	2016 US\$
	<u>4.610</u>	<u>-</u>

The total charge for the year can be reconciled to the accounting profit as follows:

Profit before tax

	2017 US\$	2016 US\$
	<u>36.054</u>	<u>3.573.175</u>

Tax calculated at the applicable tax rates

4.507 446.647

Tax effect of expenses not deductible for tax purposes

6.813 2.031

Tax effect of allowances and income not subject to tax

(6.040) (450.134)

Tax effect of tax losses brought forward

(1.089) -

Tax effect of group tax relief

- 1.238

Tax effect of tax loss for the year/period

- 218

10% additional charge

419 -

Tax charge

4.610 -

The Company is subject to corporation tax on taxable profits at the rate of 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

## WISEBITS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 7. Investments in subsidiaries

	2017 US\$	2016 US\$
Balance at 1 January	52.161	1.073
Additions	<u>98.189</u>	<u>51.088</u>
<b>Balance at 31 December</b>	<b><u>150.350</u></b>	<b><u>52.161</u></b>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	Holding %	2017 US\$	2016 US\$
				2017 US\$	2016 US\$
Wisebits Ad Net Ltd	Cyprus	Exploitation of intellectual property rights	100	1.073	1.073
On Media Holding Limited	British Virgin Islands	Investment Holding	100	50.000	50.000
Wisebits Management Ltd	Cyprus	Dormant	100	1.088	1.088
Smart Goose Solutions Ltd	Cyprus	Software services	100	1.079	-
Traffic Stars Ltd	Cyprus	Web traffic	89,1	97.110	-
				<b><u>150.350</u></b>	<b><u>52.161</u></b>

#### 8. Trade and other receivables

	2017 US\$	2016 US\$
Receivables from related parties (Note 13.1)	<u>581.916</u>	-
	<b><u>581.916</u></b>	<b><u>-</u></b>

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the financial statements.

#### 9. Loans receivable

	2017 US\$	2016 US\$
Additions	4.237.985	-
Repayments	<u>(72.195)</u>	<u>-</u>
<b>Balance at 31 December</b>	<b><u>4.165.790</u></b>	<b><u>-</u></b>
Loan to Tecom Ltd (i)	1.483.714	-
Loan to Bodo Project Management Limited (ii)	647.160	-
Loan to O.N. Dealmedia Ltd (iii)	252.465	-
Loan to Aloha Mobile Limited (iv)	<u>1.782.451</u>	<u>-</u>
<b>Balance at 31 December</b>	<b><u>4.165.790</u></b>	<b><u>-</u></b>
Less non-current portion	<u>(3.518.630)</u>	<u>-</u>
Current portion	<b><u>647.160</u></b>	<b><u>-</u></b>

(i) In 2017, a loan of an amount up to €2.000.000 of which €1.282.832 was used by the end of the year, was provided to Tecom Ltd and is repayable on 2 June 2021. The loan is unsecured and bears no interest. Overdue amount bears interest of 0,1% per day of delay.

## WISEBITS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 9. Loans receivable (continued)

(ii) In 2017, a loan of an amount up to €600.000 which has been fully used by the end of the year, was provided to Bodo Project Management Limited and is repayable on 20 March 2018. The loan is unsecured and bears no interest. Overdue amount bears interest of 0,1% per day of delay.

(iii) In 2017, a loan of an amount up to €1.200.000 of which €300.000 was used by the end of the year, was provided to O.N. Dealmedia Ltd and is repayable on 13 June 2022. The loan is unsecured and bears no interest. Overdue amount bears interest of 0,1% per day of delay.

(iv) In 2017, a loan of an amount up to €4.000.000 of which €1.500.000 was used by the end of the year, was provided to Aloha Mobile Limited and is repayable on 2 July 2020. The loan is unsecured and bears no interest.

#### 10. Cash and bank balances

For the purposes of the statement of cash flows, the cash and cash equivalents include the following:

Cash and cash equivalents by type:

	2017	2016
	US\$	US\$
Cash in hand	109	109
Cash at bank	<u>4.230.526</u>	<u>347.542</u>
	<u>4.230.635</u>	<u>347.651</u>

#### 11. Share capital

	2017	2017	2016	2016
	Number of shares	€	Number of shares	€
<b>Authorised</b>				
Ordinary shares of €1 each	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
<b>Issued and fully paid</b>				
Balance at 1 January	<u>1.000</u>	<u>1.089</u>	<u>1.000</u>	<u>1.089</u>
<b>Balance at 31 December</b>	<u>1.000</u>	<u>1.089</u>	<u>1.000</u>	<u>1.089</u>

#### 12. Trade and other payables

	2017	2016
	US\$	US\$
Shareholders' balances (Note 13.3)	9.067.827	381.137
Other payables and accruals	12.165	14.756
Payables to related parties (Note 13.2)	<u>13.336</u>	-
<b>Less non-current payables</b>	<b>9.093.328</b>	<b>395.893</b>
<b>Current portion</b>	<b>(9.067.827)</b>	<b>(381.137)</b>
	<b>25.501</b>	<b>14.756</b>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

## WISEBITS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 13. Related party transactions

The following transactions were carried out with related parties:

##### 13.1 Receivables from related parties (Note 8)

<u>Name</u>	<u>Nature of transactions</u>	2017 US\$	2016 US\$
Related parties connected with the ultimate controlling party	Non-trade	581.916	-
		<u>581.916</u>	<u>-</u>

##### 13.2 Payables to related parties (Note 12)

<u>Name</u>	<u>Nature of transactions</u>	2017 US\$	2016 US\$
Related party connected with the ultimate controlling party	Non-trade	13.336	-
		<u>13.336</u>	<u>-</u>

##### 13.3 Shareholders' balances (Note 12)

	2017 US\$	2016 US\$
Shareholders' balances	9.067.827	381.137
	<u>9.067.827</u>	<u>381.137</u>

The shareholders' balances are interest free and are repayable in accordance with the funds availability of the Company.

#### 14. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements

Independent auditor's report on pages 3 to 5

**WISEBITS LTD****DETAILED STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Page	2017 US\$	2016 US\$
Administration expenses	18	(11.887)	(10.661)
<b>Operating loss</b>		<b>(11.887)</b>	<b>(10.661)</b>
Net finance costs	19	(309)	(1.379)
Dividend income		-	3.601.073
Net foreign exchange gain/(loss)		<u>48.250</u>	<u>(15.858)</u>
<b>Profit before tax</b>		<b><u>36.054</u></b>	<b><u>3.573.175</u></b>

**WISEBITS LTD****ADMINISTRATION EXPENSES  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 US\$	2016 US\$
Annual levy	380	396
Auditor's remuneration - current year	7,556	7,379
Auditor's remuneration - prior years	1,852	-
Professional fees	<u>2,099</u>	<u>2,886</u>
	<u><u>11,887</u></u>	<u><u>10,661</u></u>

**WISEBITS LTD****FINANCE INCOME/COSTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 US\$	2016 US\$
<b>Finance income</b>		
Interest income	4.432	-
<b>Finance costs</b>		
Bank charges	<u>(4.741)</u>	<u>(1.379)</u>
<b>Net finance costs</b>	<u>(309)</u>	<u>(1.379)</u>

**WISEBITS LTD****COMPUTATION OF CORPORATION TAX  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Page 17	US\$	US\$
Profit per income statement			36.054
<u>Add:</u>			
Interest imposed under the arm length principles - related parties	54.124		
Annual levy	380		
		<hr/>	<hr/>
		54.504	54.504
<u>Less:</u>			90.558
Net foreign exchange gain	48.250		
Notional interest deduction	71		
		<hr/>	<hr/>
<b>Profit for the year</b>		(48.321)	42.237
			€
Converted into € at US\$1,197860 = €1			35.260
Loss brought forward			<hr/>
<b>Chargeable income</b>			(7.272)
			<hr/>
<b>Calculation of corporation tax</b>			<b>27.988</b>
		Income €	Rate %
<b>Tax at normal rates:</b>			Total € c
Chargeable income as above	<hr/>		12,50
10% additional charge	<hr/>		3.498,50
			<hr/>
<b>TAX PAYABLE</b>			349,85
			<hr/>
			<b>3.848,35</b>

## WISEBITS LTD

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CYPRUS

HE 344672

### REPORT AND FINANCIAL STATEMENTS

The report of the Board of Directors, the Auditor's report and Financial Statements of the company for the period from 1 January 2017 to 31 December 2017 are true copies of those presented at the Annual General Meeting that took place on 31 December 2017.

Signature  
Director



Signature  
Secretary



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